GOVERNMENT OF INDIA
STEEL
LOK SABHA

UNSTARRED QUESTION NO:2211
ANSWERED ON:03.12.2001
REORGANISATION PACKAGE FOR SAIL
THAAWAR CHAND GEHLOT

Will the Minister of STEEL be pleased to state:

(a) whether the Government have approved financial and business reorganisation package for SAIL;

(b) if so, the details thereof;

(c) whether an agreement has been entered into between the Government and SAIL in this regard; and

(d) if so, the details of the improvements likely to be effected in the functioning of SAIL thereafter?

Answer

MINISTER OF STATE FOR STEEL (SHRI BRAJA KISHORE TRIPATHY)

(a)&(b): In February, 2000, Government had approved the financial and business restructuring package for SAIL, which, inter alia, includes the following:

i) Financial restructuring of SAIL by waiving of loans advanced to it from Steel Development Fund (SDF) to a value of Rs.5073 crore and Rs.381 crore from Govt. of India.

ii) Provision of Govt. guarantees with 50% interest subsidy for loan and interest thereon of Rs.1500 crore to be raised by SAIL from the market to finance reduction in manpower through Voluntary Retirement Scheme.

iii) Provision of Govt. guarantee for loan and interest thereon of Rs.1500 crore to be raised by SAIL from the market primarily for meeting repayment obligation on past loans during 1999-2000.

iv) To initiate the process of divestment of following non-core assets while protecting jobs of existing employees :

a) Power Plants at Bokaro, Durgapur and Rourkela

- 2x60 MW Captive power plant - II at Rourkela Steel Plant and the Central Power Training Institute at Rourkela
- 2x50 MW Captive power plant - II at Durgapur Steel Plant
- 122 MW (2x55 MW + 12 MW back pressure turbine) Captive Power Plant - I, 3x60 MW Captive Power Plant - II and steam generating capacity of 660 MT/hour at Bokaro Steel Plant

b) Oxygen Plant - II of Bhilai Steel Plant
c) Salem Steel Plant (SSP), Salem
d) Alloy Steels Plant (ASP), Durgapur
e) Visvesvaraya Iron & Steel Plant (VISL), Bhadravati
f) Fertilizer Plant at Rourkela

v) Allowing SAIL to have a minority shareholding in any joint venture contemplated for revival of IISCO.

vi) Subsequently, Govt. has also approved inclusion of CPP-II of 74 MW capacity at Bhilai Steel Plant (BSP) in the divestmen programme of SAIL.

(c) A detailed Memorandum of Understanding (MOU) was signed between SAIL and Ministry of Steel on 13.3.2000The MOU lists out the various tasks for implementation and detailed milestones that need to be accomplished to complete the tasks within time

bound manner.

(d) The details of the improvements likely to be effected in the functioning of SAIL, projected at the time of signing of MOU with Govt. of India are given below :

Targets against	2000-01	2001-02	2002-03	2003-04
Production (`000 tonnes)	9943	10263	10603	10753
Sales Quantity (`000 tonnes)	9874	10132	10445	10633
Sales Turnover (Rs.Crore)	18584	18624	20153	21541
Gross Margin (Rs.Crore)	2510	2711	3706	4231
Net Profit after Tax (Rs.Crore)	- 700	- 139	810	1376